

Fact Sheet: The High Cost of Mental Disorders – Facts for Employers

Mental disorders are a major cost driver for all employers, but few are aware of the extent of these impacts.

- Mental disorders are the single most expensive category of health costs for many employers, across all industries and sizes.
- Nearly one-in-three working-age adults experiences a mental disorder, with relatively high rates regardless of gender, age, race/ethnicity, occupation, or industry.
- The prevalence of mental disorders, stigma and lack of awareness, and nonexistent or insufficient treatment drive immense productivity losses for employers, as well as significant healthcare costs.
- However, few employers are aware of the extent and details of these costs, due to underreporting, stigma, and complex or unclear data.
- Research shows that every \$1 investment in mental health promotion has a \$3 to \$5 return on investment.¹

The costs of untreated depression far outweigh the costs of treatment.

- While the costs of treating depression are significant, the impacts of untreated depression or insufficient treatment are far greater.
- For an employer, the costs not related to treatment are approximately eight times the cost of treating depression and comorbid disorders.
- Productivity losses are the most significant drivers of these costs: depressed employees miss between 6 and 25 more days per year and suffer from impaired performance between 13% and 29% of the time at work.

Depression and physical illnesses often co-occur, resulting in poorer health outcomes and greater overall costs.

- An employee with depression accrues average annual healthcare costs that are \$6,252 higher than those without depression; half of that additional cost results from medical conditions and healthcare costs other than depression.

¹ Creating a mentally healthy workplace: Return on investment analysis. PwC, beyondblue, Australian Government National Mental Health Commission, and The Mentally Healthy Workplace Alliance. Available at: https://www.headsup.org.au/docs/default-source/resources/beyondblue_workplaceroi_finalreport_may-2014.pdf

- Depression increases the difficulty and cost of treating physical medical conditions. For example, diabetics with depression have average healthcare costs between \$2,000 and \$5,000 higher than diabetics without depression.

Severe depression generates multiple costly productivity and workplace impacts.

- One Mind at Work is developing a Depression Cost Calculator, which estimates that for a hypothetical employer with 10,000 employees, an average salary of \$70,000, 55% female employees, and \$70 million in total profit, the cost impacts of depression are:
 - **Total:** \$17.2 million (25% of total profit)
 - **Missed work:** \$4.8 million (7% of total profit)
 - **Impaired work performance:** \$4.5 million (6% of total profit)
 - **Medical costs for those with untreated, diagnosed severe depression:** \$4.2 million (6% of total profit)
 - **Caregiving for severe depression:** \$1.3 million (2% of total profit)
 - **Other costs (i.e. depression treatment, turnover, disability):** \$2.4 million (3% of total profit)
- If the estimated costs of major depressive disorder were well-managed, the gained enterprise value is widely considered to be 10x the cost savings for an organization. For instance, if an employer with an estimated loss of roughly \$18 million in costs associated with people within the workforce with major depression was able to address the costs to \$0 through workplace mental health support and access to resources, the enterprise value could be as high as \$180 million.

The Depression Cost Calculator will be released as a new, free tool to estimate the costs of depression for specific employers.

- The Depression Cost Calculator – soon to be available for free online – estimates the cost impacts of depression for a specific employer, based on inputs such as number of employees and average salary.
- The Depression Cost Calculator’s estimate of depression’s cost is relatively conservative, based on a meta-analysis of recent, publicly available data that includes solid evidence on prevalence and expenditures. The calculator also focuses on the cost of severe depression, and so only conservatively estimates the impact of depression overall.